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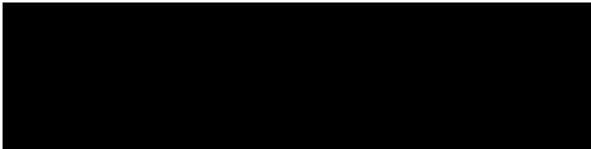
EDIC/R-5 (DRAFT)
Control No. 487898
8 August 1958

MEMORANDUM FOR: Economic Defense Intelligence Committee

FROM: Executive Secretary, EDIC

SUBJECT: Transmittal of DRAFT - Sixth Annual Progress Report
of the Economic Defense Intelligence Committee

1. Attached hereto is a draft of the Sixth Annual Report of EDIC.
2. This report is transmitted for review prior to consideration at the EDIC meeting scheduled for 13 August 1958.



Executive Secretary

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Attachment

Draft of Sixth Annual Progress Report of the Economic
Defense Intelligence Committee

Distribution

Cat. D - (All)

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EDIC/R-5 (DRAFT)
Control No. 487898
8 August 1958

SIXTH ANNUAL PROGRESS REPORT OF THE
ECONOMIC DEFENSE INTELLIGENCE COMMITTEE
1 July 1957 - 30 June 1958

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Control No. 487899
8 August 1958

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

SIXTH ANNUAL PROGRESS REPORT

1 July 1957 - 30 June 1958

I. INTRODUCTION

The Economic Defense Intelligence Committee (EDIC) completed six years of activity on 30 June 1958. Originally designated the Intelligence Working Group (IWG), EDIC was established in 1952 as a subcommittee of the Intelligence Advisory Committee to serve the far-reaching intelligence needs of the Economic Defense Advisory Committee (EDAC).^{*} The numerous EDIC (IWG) reports and documents issued during the past six years reflect the wide range of coordinated intelligence support which has been provided to the economic defense community (TAB A). However, a listing of these reports and their date of issue indicates a gradual change in the nature of this support from servicing general, current intelligence requirements of the EDAC community to furnishing coordinated intelligence reports for major industries and industry groups. This change has resulted largely from the operational urgency of the economic defense community's requirements for intelligence support which has often precluded coordination through EDIC and prompted the agencies concerned with the economic defense program to elicit intelligence support directly from those intelligence agencies primarily responsible for the subject matter involved in accordance with the allocation of economic intelligence responsibilities outlined in DCID 3/1 (formerly DCID 15/1). Under these arrangements, the economic intelligence community has continued to provide substantial support over the past few years to the economic defense program.

Operational urgency appears to dictate the continued need for direct agency support of economic defense intelligence requirements. As a result, and consonant with the trend established in the past few years, future EDIC activities are likely to be concentrated on the support of specialized long-run intelligence requirements of the EDAC community. As such, EDIC activities would be comparable, in the field of economic

^{*} IAC-D-53/1, 25 July 1952, as amended by IAC-D-53/3.1 of 25 February 1953.

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defense intelligence, to the activities of the different subcommittees of the Economic Intelligence Committee (EIC) in the field of general economic intelligence.

II. SUMMARY OF ACTIVITIES

A. EDIC Reports

During the past year, intelligence support to the U.S. economic defense program has related primarily to the formulation of a United States position with respect to the CHINCOM and COCOM trade control lists and the support of United States Delegations in international negotiations on these lists. This assistance was provided primarily by individual departments and agencies, and for the reasons indicated above, EDIC was not involved. However, EDIC did produce a number of coordinated intelligence studies in response to specific requests from the economic defense community. In response to Department of Commerce requests for coordinated intelligence support, EDIC has prepared papers on the "Availability of Diamonds in the USSR (revised)," "The Glass Fiber Industry in the Sino-Soviet Bloc," "Sino-Soviet Bloc Supply of and Requirements for Phthalic Anhydride," and has recently completed (1959 Fiscal Year) reports on "The Tire Industry in the Sino-Soviet Bloc" and "The Petrochemical Industry in the USSR."

In response to a requirement levied by EDAC Working Group II (Application and Enforcement), EDIC prepared a coordinated intelligence report on "The Significance of Sino-Soviet Bloc Imports of Cobalt from the Free World" and a report on "Sino-Soviet Bloc Purchases of International List I Nickel." Studies were also completed on "The Strategic Importance of Aluminum and Its Source Materials (including bauxite) to the Sino-Soviet Bloc" and "Radio and Television Transmitters."

B. Planning for Economic Warfare

Emergency plans for economic warfare under wartime conditions are being prepared in the office of the Chairman in consultation with several CIA consultants. A draft proposal will probably be tabled for EDIC consideration before the end of the year.

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III. FUTURE ACTIVITIES

Whatever the ultimate organizational structure under which EDIC will operate may be, its mission and functions will remain much the same as they have been up to now. EDIC (or its successor) will continue to serve the intelligence needs of the economic defense program essentially as outlined in its terms of reference. Requests for intelligence support for EDAC and its subcommittees may be expected, for the reasons already indicated, to continue at the rather lower level prevailing during the past few years. However, in view of the current trend towards expanding trade with the Sino-Soviet Bloc in "peaceful goods" and the imminent relaxation of COCOM controls resulting from the recent review of the International Lists, the Department of Commerce Advisory Committee on Export Policy (ACEP) and its Operating Committee (OC) may be expected to re-examine U.S. controls. Under these circumstances, EDIC (or its successor) may reasonably expect to receive further requests for intelligence support for ACEP/OC policy determinations.

EDIC will continue to carry out the planning necessary to insure intelligence support and coordination in the field of economic warfare under wartime emergency operations.

IV. RECOMMENDATION

Recognizing the reorientation of the Economic Defense Intelligence Committee's activities, as discussed in section I, members of EDIC, speaking for their respective departments and agencies, agree that EDIC's position as a subcommittee of the IAC is no longer necessary and that its responsibilities would be carried out more appropriately within the structure of the Economic Intelligence Committee. The Chairman of the Economic Defense Advisory Committee, [REDACTED], has indicated that the merger of EDIC into the EIC structure would "undoubtedly be satisfactory to EDAC." It is therefore recommended to the IAC that EDIC be dissolved as a subcommittee of the IAC and that it be established as a subcommittee of the EIC.

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Chairman

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TAB A

INTELLIGENCE DOCUMENTS AND REPORTS

ISSUED BY EDIC (IWG) FROM ITS INCEPTION

THROUGH FY 1958

1952 - 1953

IWG/AM-4	Table of New Construction in Hand and on Order in Western Countries for USSR Merchant Fleet - June 1952	
IWG/AM-9	Glycols - Item IL 1727	
IWG/AM-10	Conveyor Belting and Item 310b - Power Driven Conveying Equipment	
IWG/D-1	[REDACTED]	25X6
IWG/D-2	Utilization of Soviet Bloc Merchant Shipping Intelligence by the United States Coast Guard	
IWG/D-3	ONI Report on Western Shipyard Services to Soviet Merchant Fleet, 1 January - 30 June 1952	
IWG/D-5	Soviet Metallurgical Techniques	
IWG/D-6	Chronology of COCOM Transit Trade Discussions	
25X6 IWG/D-7a	[REDACTED]	
IWG/D-8c	Response to ODMS Questions Regarding Soviet Bloc Cobalt Position	
25X6A IWG/D-12	[REDACTED]	
IWG/D-19	Movement of Scrap Metals from the Middle East - 1952	

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EDIC/R-5 (DRAFT)

TAB A (con't)

IWG/D-31 Strategic Importance of Dichlorodifluoromethane (FREON 12)
to the Soviet Bloc

IWG/R-1 Alleged Refuelling of Polish Ships with Iranian Oil

IWG/R-5 Communist China's Imports of Ammonium Sulfate


IWG/R-6 Report on COCOM Statistical Reporting

IWG/FE-1 Material for Use in the China Committee

Miscellaneous Information Documents - 19

1953 - 1954

IWG/R-7 Soviet Bloc Kyanite Position 25X6A

IWG/R-8 

IWG/R-9 The Tractor Situation in the Soviet Bloc

IWG/R-10 Strategic Importance of Magnetic Recorders and/or Reproducers
to the Soviet Bloc

IWG/R-11 Movement of Scrap Metal from the Middle East - 1952

IWG/R-12 Soviet Bloc Position in Steel Wire, Strand, Cable and Rope

IWG/R-14 Appraisal of Soviet Offers of Chrome, Manganese, Platinum,
and Palladium to the United States

IWG/R-15 Indications of Soviet Bloc Vulnerability to Western Controls
on Primary Aluminum

IWG/R-16 Final Report and Recommendations of the IWG Subgroup on
External Financing Operations of the Soviet Bloc

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EDIC/R-5 (DRAFT)

TAB A (con't)

IWG/R-17	Strategic and Security Implications Involved in the Proposed Shipment to the USSR of Marconi Television Transmitter
IWG/R-18	Strategic Importance of Magnesium to the Soviet Bloc
IWG/ID-5	COCOM Review of IL-II Items: Information on Part A - Chemicals
IWG/ID-15	Indications of Soviet Bloc Vulnerability to Controls of West-East Movement of Boron Compounds
IWG/ID-25	Soviet Bloc Exports of Petroleum and Petroleum Products to the Free World
IWG/WP-2	Intelligence Collection and Analysis Required for a Study of the Soviet Automotive Situation
IWG/WP-5a	Draft Transmittal to the USDEL for Use in COCOM of CIA Paper on "The Strategic Use Pattern of Lead in the Soviet Bloc"
IWG/AM-17	The Problem of Providing Intelligence for Licensing Consumer Goods to European Satellites
	Miscellaneous Information Documents - 27

1954 - 1955

IWG/ID-32	China's Trading Agency in East Berlin
EDIC/R-1	Final Report on "Soviet Production of Jeeps"
EDIC/ID-9	CIA/AFOIN/OIR Statement of "Strategic Significance of Indium to the Soviet Bloc"
EDIC/ID-6	West European Exports of Copper Wire and Cable to the Soviet Bloc
EDIC/ID-13	Exports of Capital Equipment and Industrial Materials from the Soviet Bloc

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EDIC/R-5 (DRAFT)

TAB A (con't)

EDIC/Case 3 Soviet Trade Trends and Tactics: "Soviet Bloc Exportation of Petroleum"

Miscellaneous Information Documents - 17

1955 - 1956

EDIC/ID-13 Sino-Soviet Bloc Exports of Machinery and Transport Equipment
(Suppl. 1) to the Free World, 1952 - 1954

EDIC/ID-15 Ad Hoc Working Group Report "Intelligence Relating to the Use
(Revised) of Boron Substances as Fuels"

EDIC/ID-16 Free World Deliveries of New and Used Ships to the Sino-Soviet
(Revised) Bloc in 1954 and Proposed Construction as of 1 July 1955

EDIC/ID-18 Proposal for Revision of Foreign Service Instructions for
Reporting on Economic Relations with the Sino-Soviet Bloc

EDIC/ID-20 Soviet Gold Sales in Free World Markets, January - June 1955

EDIC/ID-23 Sino-Soviet Bloc Shipbuilding - Bibliography

EDIC/ID-24 Availability of Diamonds in the USSR

Miscellaneous Information Documents - 7

1956 - 1957

EDIC/ID-25 Soviet Gold Sales, 1955

EDIC/ID-26 Check Inability to Provide Catalytic Cracking Equipment for
Syrian Refinery

EDIC/ID-28 Free World Deliveries of Ships to the Sino-Soviet Bloc in
1955 and Proposed Construction as of 1 January 1956

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TAB A (con't)

EDIC/ID-29	<u>Propellants Seminar, 13-14 June 1956 "Liquid Propellants (with Appendixes Containing the Previously Unpublished Proceedings on Solid Propellants)"</u>
EDIC/ID-30	<u>Current Trends in Sino-Soviet Bloc Construction and Procurement of Merchant and Fishing Vessels</u>
EDIC/ID-31	Supply and Use of Ion Exchange Resins in the Sino-Soviet Bloc Miscellaneous Information Documents - 2
<u>1957 - 1958</u>	
EDIC/ID-24 (Revised)	Availability of Diamonds in the USSR
EDIC/ID-32	The Significance of Sino-Soviet Bloc Imports of Cobalt from the Free World
EDIC/ID-33	Report of Combined EDIC Working Group and Technical Task Group on Radio and Television Transmitters
EDIC/ID-34	The Glass Fiber Industry in the Sino-Soviet Bloc
EDIC/ID-35	Sino-Soviet Bloc Supply of and Requirements for Phthalic Anhydride
EDIC/ID-36	The Strategic Importance of Aluminum and Its Source Materials (including Bauxite) to the Sino-Soviet Bloc

1958 - 1959*

EDIC/ID-37 The Tire Industry in the Sino-Soviet Bloc

* The 1958 - 1959 listing represents reports in progress and is necessarily incomplete.

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"AB 5 (con't)"

- EDIC/ID-38 The Petrochemical Industry in the USSR
- EDIC/ID-39 Sino-Soviet Bloc Purchases of International List I Nickel

In addition to the above listed intelligence documents and reports, EDIC(IWG) also prepared a number of studies on the collection, collation, and dissemination of intelligence in support of the economic defense program. The most important of these studies are:

- IWG/CI-2 Establishment of Procedure for Processing Current Economic
(1953) Defense Intelligence
- IWG/ID-4 Transmittal of Report on "Survey of Collection of Economic
(1954) Defense Information in Western Europe"

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EDIC/R-5 (DRAFT)

TAB B

Completed EDIC Intelligence Documents

1 July 1957 - 30 June 1958

<u>Designation*</u>	<u>Title</u>	<u>Date Issued</u>
EDIC/R-4 (IAC-D-53/9)	Fifth Annual Progress Report of the Economic Defense Intelligence Committee	25 October 1957
EDIC/ID-24	Availability of Diamonds in the USSR (Revised). (In response to EDIC Case No. 21.)	27 May 1958
EDIC/ID-32	The Significance of Sino-Soviet Bloc Imports of Cobalt from the Free World. (In response to EDIC Case No. 25)	11 July 1958
EDIC/ID-33	Report of Combined EDIC Working Group and Technical Task Group on Radio and Television Transmitters. (In response to EDIC Case No. 22)	27 August 1957
EDIC/ID-34	The Glass Fiber Industry in the Sino- Soviet Bloc. (In response to EDIC Case No. 28)	9 April 1958
EDIC/ID-35	Sino-Soviet Bloc Supply of and Require- ments for Phthalic Anhydride. (In response to EDIC Case No. 27)	14 April 1958
EDIC/ID-36	The Strategic Importance of Aluminum and Its Source Materials (including bauxite) to the Sino-Soviet Bloc. (In response to EDIC Case No. 18)	28 April 1958

* R - Report (annual)

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TAB C

EDIC Memoranda

1 July 1957 - 30 June 1958

EDIC/AM-27	Appointment of Executive Secretary	22 July 1957
EDIC/AM-28	Designation of Acting Chairman - EDIC	9 September 1957
EDIC/AM-29	Transmittal of EDIC Membership List	9 October 1957
EDIC/AM-30	EDIC Activities - April 1958	5 May 1958
EDIC/AM-31	Correction to EDIC/ID-24 (revised)	4 June 1958
EDIC/AM-32	EDIC Activities - May 1958	5 June 1958

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TAB D

EDIC Cases Pending, 30 June 1958

<u>Designation</u>	<u>Title</u>
EDIC Case 6*	Firms Reportedly Purchasing and Operating Ships for Communist China
EDIC Case 7*	Export of Ortho-Toluidine to Communist China
EDIC Case 10*	Pattern of Soviet Bloc Strategic Exports to the West
EDIC Case 13**	Possible Soviet Bloc Use of Magnesium as Fuel
EDIC Case 15**	Soviet Bloc Position and Use of Perchloric Acid
EDIC Case 16**	Soviet Attempts to Procure Colloxylin
EDIC Case 20*	Borax Discovery in Tibet
EDIC Case 23*	Review of Sino-Soviet Bloc Supply, Technology, and Possible Military Applications of Polyethylene
EDIC Case 24***	Sino-Soviet Bloc Purchases of International List I Nickel
EDIC Case 29***	The Sino-Soviet Bloc Tire Industry
EDIC Case 30***	The USSR Petrochemical Industry

* It is recommended that this case be dropped since the information requested has been provided through other intelligence channels. Unless any objections are transmitted to the Executive Secretary by 30 September 1958, these cases will be considered closed.

** The EDIC Working Group on Propellants and Fuel Additives recommends cancellation of these cases because the required information is not available. Unless any objections are transmitted to the Executive Secretary by 30 September 1958, these cases will be considered closed.

*** These cases were completed in July - August 1958 and distributed as EDIC/ID 37 - 39.

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